

PART 2

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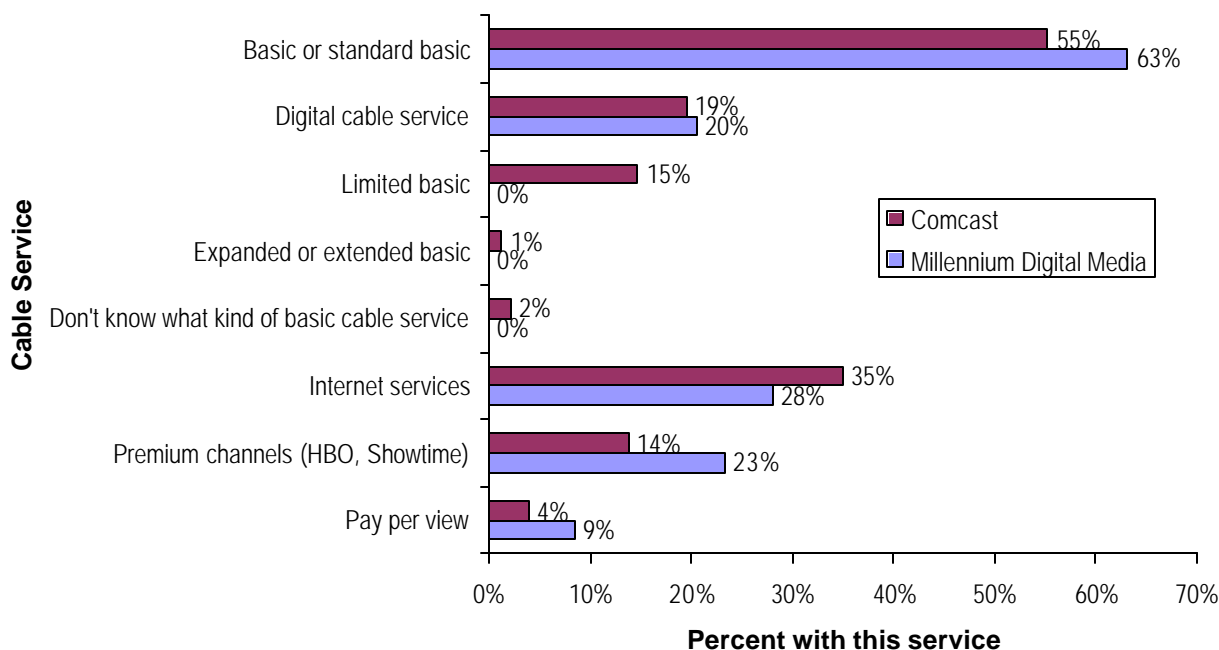
Cable service

Many new questions were included in the survey this year to help with the City's cable franchise renewal ascertainment process. In addition to learning that about 65% of the Seattle's households are cable subscribers, the survey asked subscribers to give their opinions about details of the service they had been receiving and services they might want to receive in the future, and it asked non-subscribers to give their opinions as well.

Specific services received

Most of the cable subscribers said that they receive their cable service from Comcast (81%), with eight percent mentioning Millennium while 11% either did not know who their cable provider is (7%) or indicated some other providers (3%) or refused to answer (1%). Most of the respondents with cable television subscribe to standard service. Fourteen percent subscribe to limited basic¹, 2% subscribed to expanded and 18% subscribe to digital. Another seven percent did not indicate their basic type of service, but 40 of these 45 respondents said that they get premium channels. Four percent do not know what type of cable service they have or they refused to say. Figure 23 displays these responses for Comcast and Millennium, in addition to the percentage who subscribe to premium, pay per view or Internet services.

23. Services subscribed to by cable customers for Comcast and Millennium



Source: 2004 Seattle IT Residential Survey

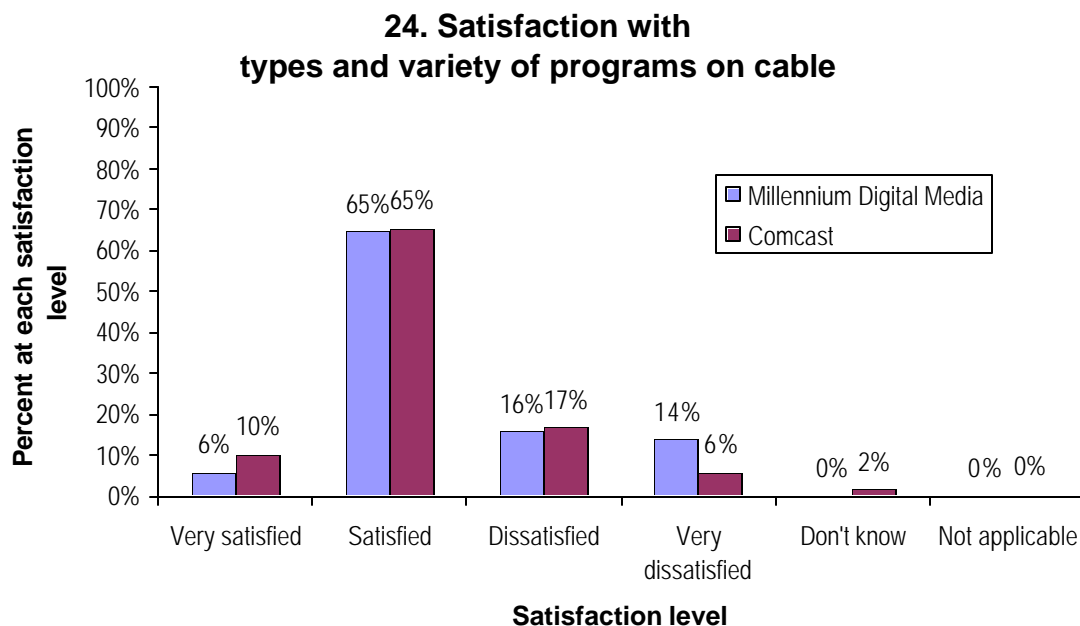
This figure also shows that about one-third of the Comcast cable customers also subscribe to cable Internet services, 14% of these customers get the premium channels and 4% subscribe to pay per view. Because of the small number of Millennium respondents, subsequent analyses will be confined to Comcast customers unless otherwise indicated. Because of the small number of respondents subscribing to many of these services, little in-depth analysis was possible. The only

¹ Only Comcast offers a limited basic option. This option is not available through Millennium.

subgroup difference observed is that men are more likely than women to say they subscribe to basic cable services (59% vs. 52%).

Opinions about cable services

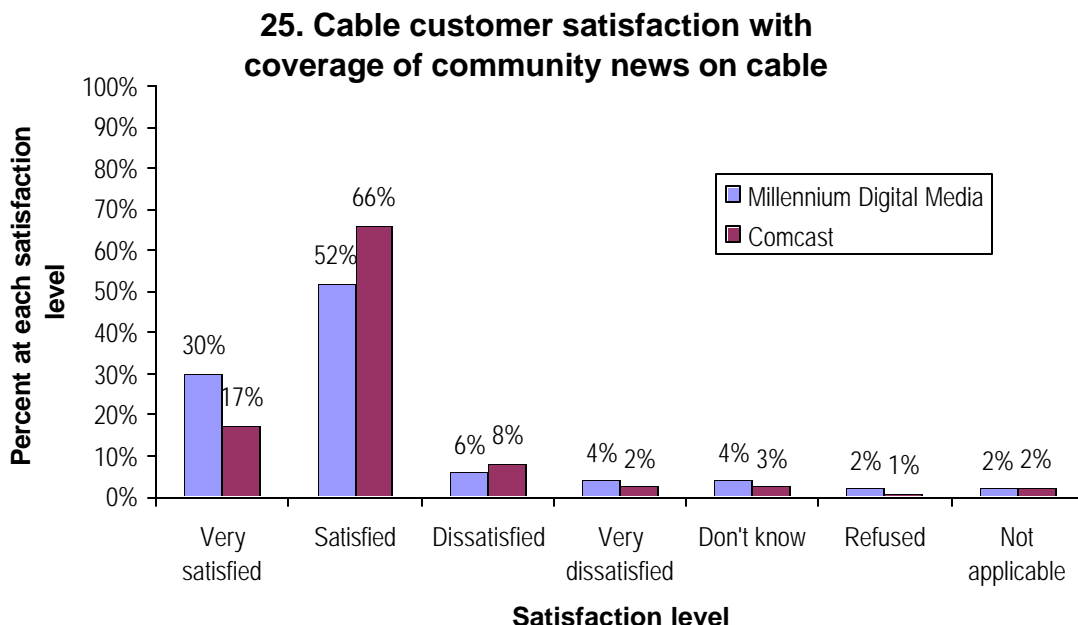
Cable subscribers were asked to rate their satisfaction with the types and variety of programs available on cable, as well as with the customer service at the cable company. Although no significant differences emerged in the satisfaction ratings between the cable providers, Figures 24 through 27 summarize the ratings separately.



Source: 2004 Seattle IT Residential Survey

This figure shows that most subscribers are satisfied with both cable programming, although few noted that they are “very satisfied” and overall, nearly one fourth (23%) said they are dissatisfied or very dissatisfied.

Figure 25 shows the level of satisfaction of Millennium and Comcast subscribers with coverage of community news on cable. Again, most respondents reported being either satisfied or very satisfied and 11% overall reported being either dissatisfied or very dissatisfied.



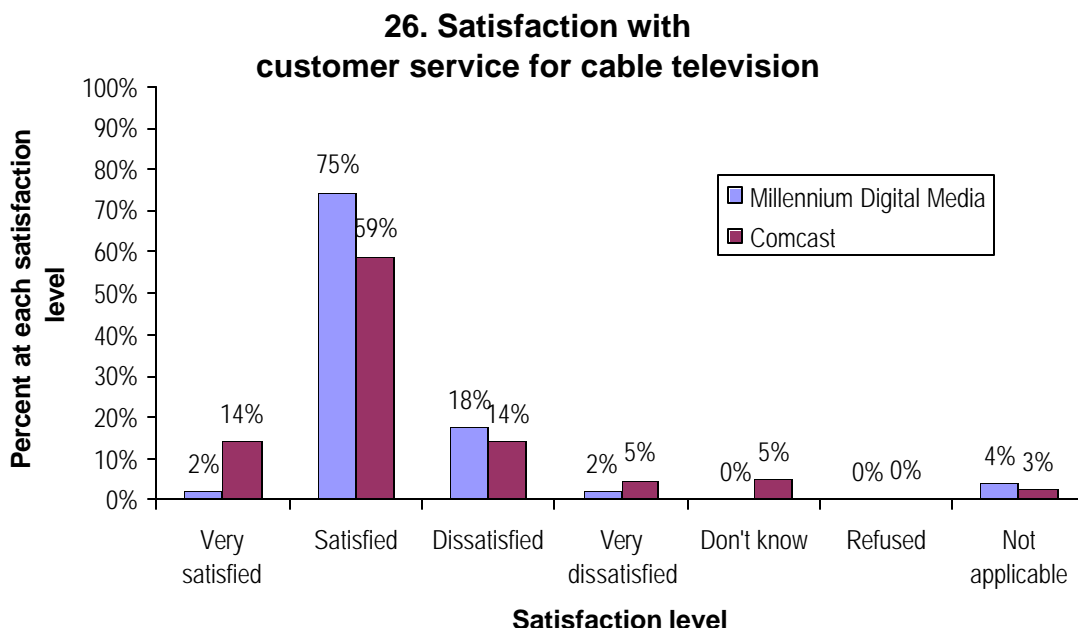
Source: 2004 Seattle IT Residential Survey

Non cable subscribers were also asked to rate their satisfaction with the coverage of community news and events on television. Table 5 shows that these respondents rated their satisfaction significantly lower, with 59% saying they are satisfied or very satisfied, compared with half again as many of the cable subscribers (89%).

Table 5. Satisfaction with coverage of community news

	Non subscriber	Subscriber
Very satisfied	12%	20%
Satisfied	47%	69%
Dissatisfied	26%	8%
Very dissatisfied	15%	3%

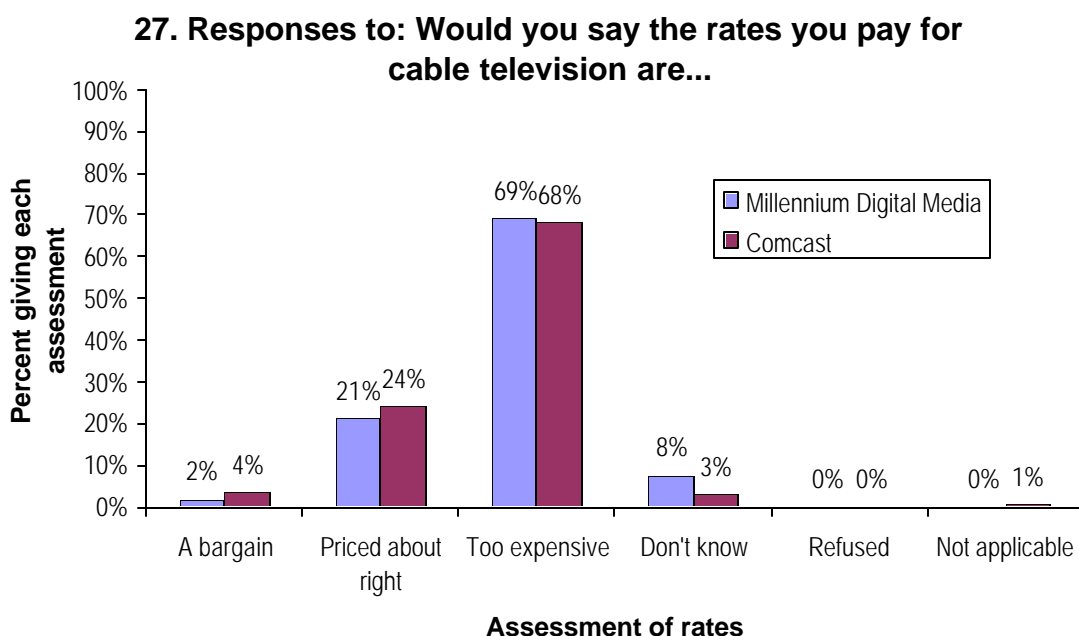
Figure 26 illustrates subscriber satisfaction with customer service for the two cable companies. Overall, most customers are satisfied or very satisfied with the customer service they receive (73%), with 19% reporting that they are dissatisfied or very dissatisfied.



Source: 2004 Seattle IT Residential Survey

About 65% of the subscribers who experienced a problem with their cable signal or some other aspect of the service said they reported the problem to the cable company. Among the Comcast customers, these individuals are significantly *less* likely than those who did not report the problem to say they are satisfied or very satisfied with the company's customer service (68% vs. 88%). In other words, working with the cable company to resolve a service problem is related to a significantly lower satisfaction with customer service. These customers are also less satisfied with the types and variety of programs on cable (70% vs. 80% are satisfied/very satisfied).

Figure 27 shows that most customers at both cable companies think the rates they pay for cable television are too expensive.

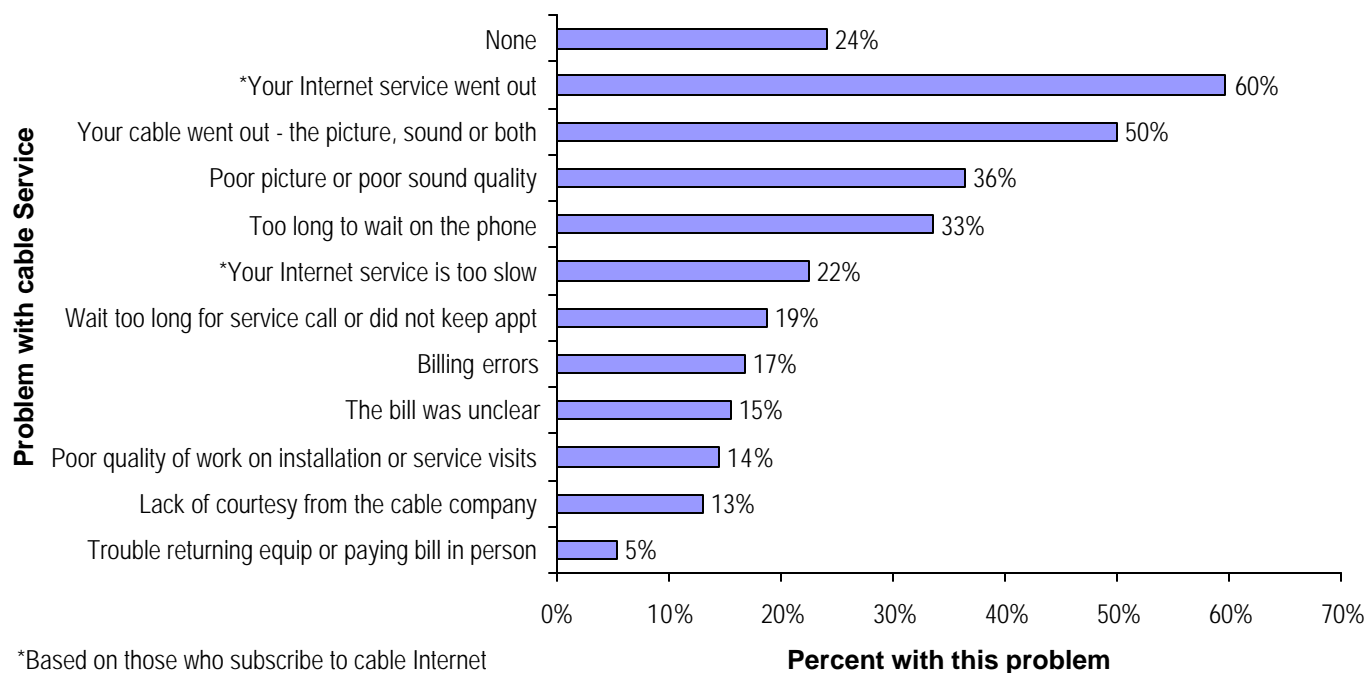


Source: 2004 Seattle IT Residential Survey

Responses to these satisfaction questions were consistent across demographic groups. Comcast's limited basic subscribers are significantly *less* likely to say that the rates are too expensive (41% vs. 76%) while digital subscribers are significantly *more* likely to say it is too expensive (83% vs. 68%). No significant pattern emerged for the Millennium subscribers. Analysis of the influence of the demographic factors on these attitudes yielded few reliable differences among the demographic groups. Overall, women with less education are more likely than their male counterparts to say their cable television rates are too expensive, but this difference disappears among the respondents with more education.

When asked what problems, if any, the subscribers had encountered with their cable service, 160 (25%) said they hadn't had any, and three-fourths were able to identify at least one problem with their cable service. These figures are not significantly different for the two cable companies (Millennium: 86% mentioned at least one problem; Comcast: 76% mentioned at least one problem; unknown provider: 62% mentioned at least one problem). Figure 28 summarizes the percentage of Comcast cable subscribers encountering each of the problems listed and Figure 29 presents the same information for Millennium subscribers.

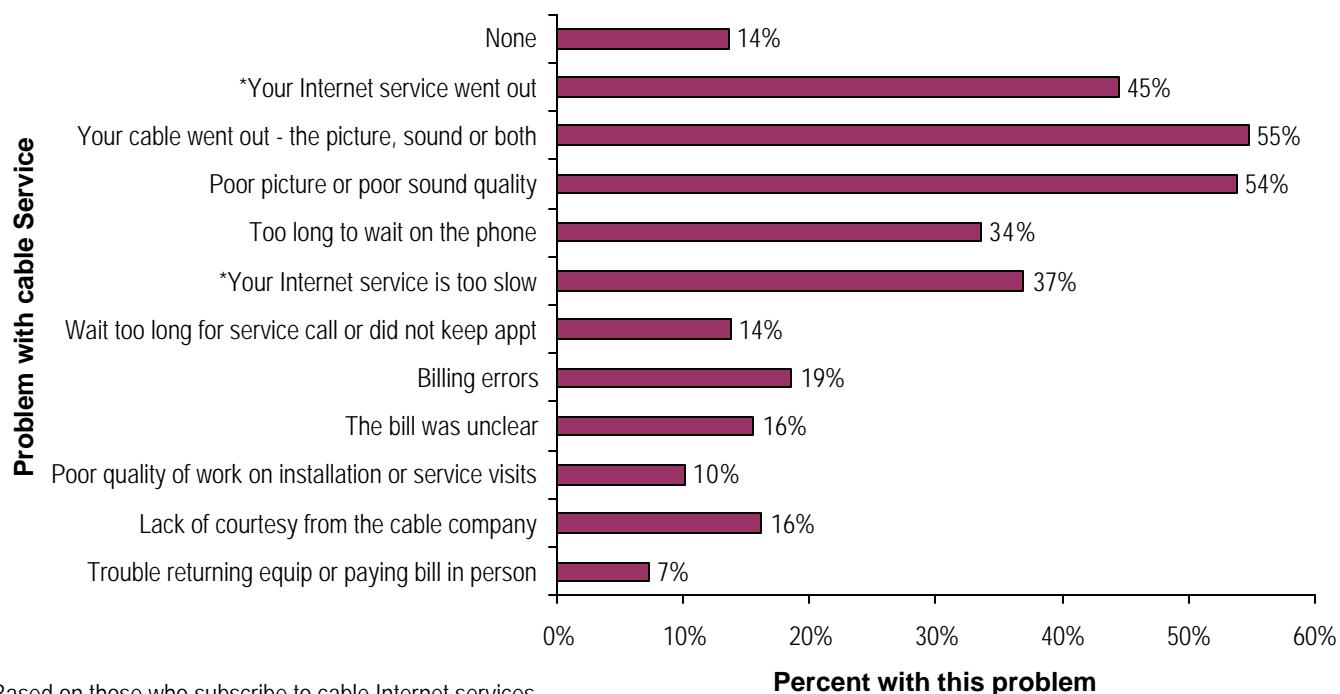
28. Problems identified by Comcast cable subscribers



*Based on those who subscribe to cable Internet

Source: 2004 Seattle IT Residential Survey

29. Problems identified by Millennium cable subscribers



*Based on those who subscribe to cable Internet services

Source: 2004 Seattle IT Residential Survey

Internet service outage is the most frequently identified problem with cable service for Comcast customers who subscribe to it. Three out of five (60%) of those subscribers noted this problem. Half of the Comcast cable subscribers also commented that the picture or sound or both went out on their cable television, and 36% said they had poor picture or sound quality. Some customer service issues were identified by Comcast customers: one-third said they have been kept waiting on the phone for too long; 19% said they were kept waiting too long for service (or for an appointment that wasn't kept); 14% complained of poor quality of work on installations or service visits; and 13% complained of lack of courtesy from the cable company. Seventeen percent complained of billing errors and 15% complained of unclear bills. Of the Comcast customers reporting any of these problems, two-thirds (68%) reported contacting their provider about the problem(s).

Millennium customers exhibit a somewhat different pattern in problems mentioned; however, the only difference to reach statistical significance is that Millennium customers are more likely than Comcast customers to mention poor picture or sound quality (54% vs. 36%).

Analysis of the different problems Comcast subscribers might have with their cable service shows that the likelihood of having the problem – or at least of noting the problem for this survey – is different for different groups.

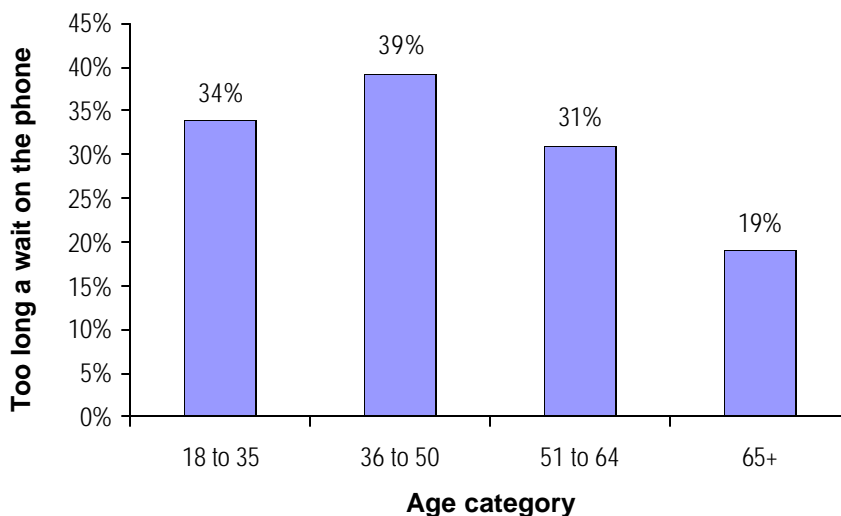
Your cable went out – picture or sound or both: subscribers between the ages of 36 and 64 were almost twice as likely (60%) to report that their cable signal went out than their younger (36%) or older (39%) counterparts.

You had to wait too long to reach the company on the phone: overall, subscribers with no more than a high school education were somewhat² less likely to endorse this complaint (21% vs. 36%). However, among those with extremely low incomes (<30% of the median), subscribers with less education are far *more* likely to endorse this complaint (52% vs. 37%).

Figure 30 shows that overall, seniors are least likely to note that they have to wait too long to reach the cable company by phone, especially compared with those between 36 and 50 years old.

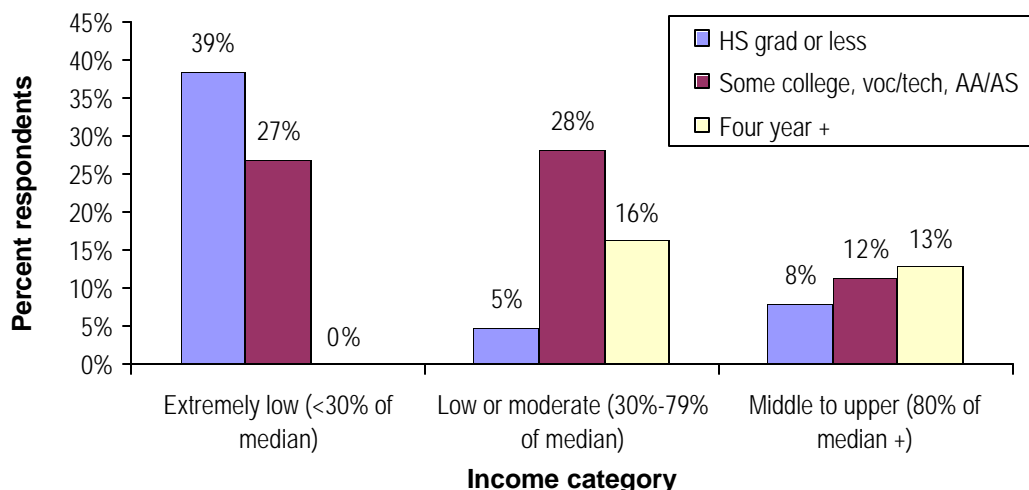
Lack of courtesy from the cable company: seniors are also least likely to complain of a lack of courtesy from the cable company (2%), while between 13% and 15% of the other age groups made this complaint. A relationship between education and income emerged on

30. Comcast customers saying they have to wait too long on the phone by age



Source: 2004 Seattle IT Residential Survey

31. Comcast customers saying they have experienced a lack of courtesy from the cable company by education and income



Source: 2004 Seattle IT Residential Survey

This figure shows a greater likelihood of noting a lack of courtesy among the lower income respondents, especially those with the least education. At the higher income levels, the impact of education is far diminished.

² Not statistically significant

You had to wait too long for installation or service visits, or they didn't keep an appointment: This complaint was made by about twice as many of the Native American, Hispanic and Asian/Pacific Islander and other ethnicity respondents (31%) than by the African American (14%) or Caucasian (16%) respondents.

Billing errors and The bill was unclear: Table 6 shows that these items were endorsed by about twice as many of the African American respondents than the Caucasian respondents.

Table 6. Billing issues by ethnicity

	African American	Caucasian	Other
Billing errors	28%	14%	22%
Bill was unclear	27%	13%	20%

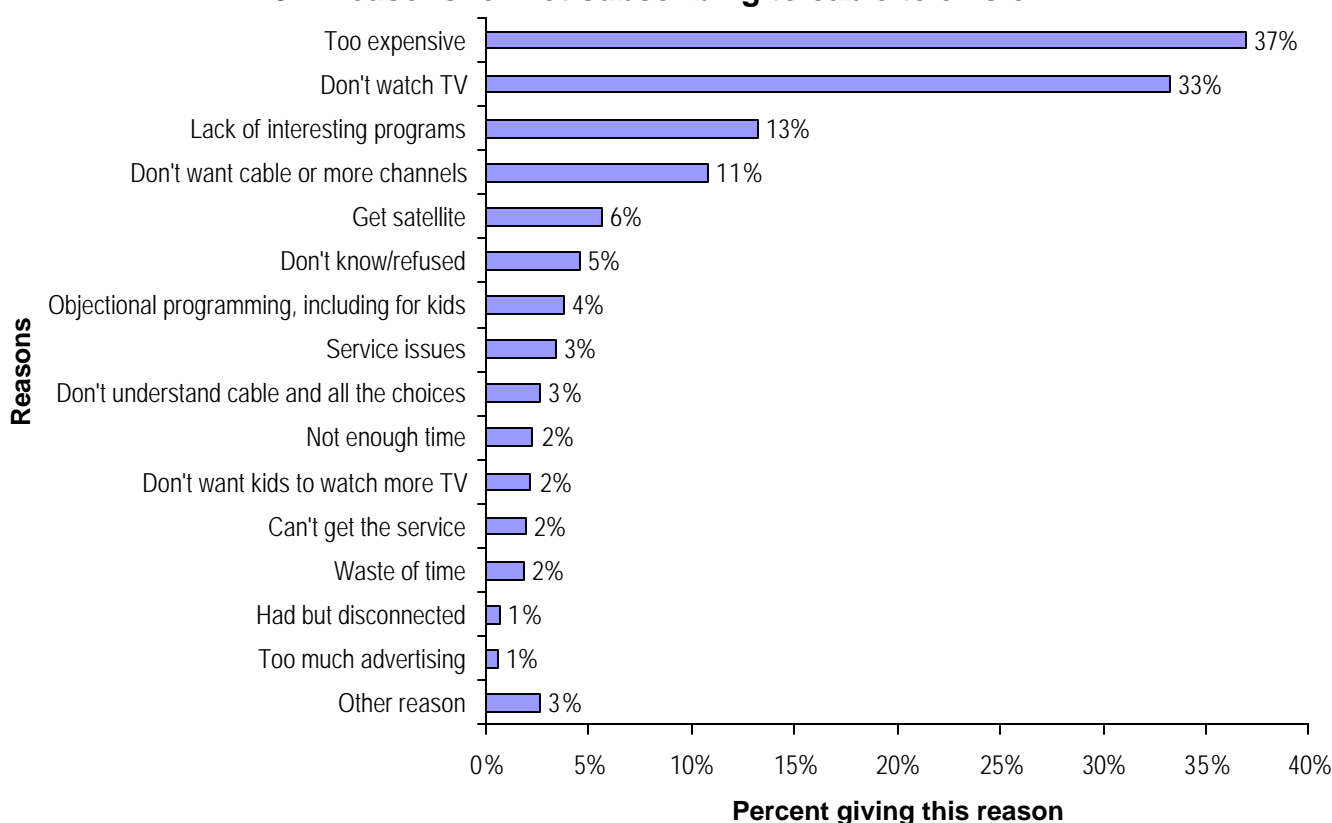
Both types of billing problems decreased with age, possibly indicating a better understanding of the bills with age, a lack of awareness or attention among the older subscribers, or perhaps these bills are managed by others for the senior subscribers.

Poor picture or poor sound quality: seniors are also about half as likely to report poor sound or picture quality on their cable television (19% vs. 39%).

You had trouble returning equipment or paying bills in person: This problem was identified by between 0% and 6% of the men and women of the different ethnicities, except for African American women, 19% of whom identified this problem with their cable company.

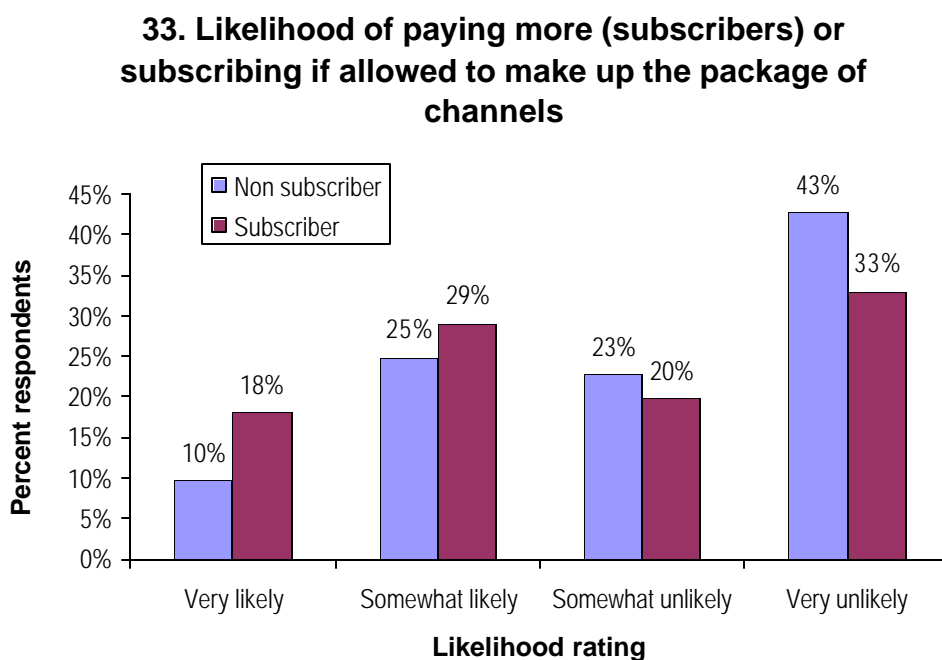
The 350 non subscribers were asked why they do not subscribe to cable television. Figure 32 summarizes the reasons that were volunteered.

32. Reasons for not subscribing to cable television



The most commonly offered reason was the expense of the service (37%), followed by the respondent's statement that he or she does not watch television (33%). Not surprisingly, those with the lowest income are the most likely to say they don't have cable because it is too expensive (56%), a reason that becomes less common as income increases to a low of 26% in the highest income group.

Subscribers and non subscribers were asked about making up their own package of channels. Subscribers were asked how likely they would be to pay a little extra for the opportunity to make up their own package, and non subscribers were asked how likely they would be to subscribe to cable if they offered the opportunity to make up their own package of channels as an add-on to their basic cable package. Figure 33 illustrates the responses.



Source: 2004 Seattle IT Residential Survey

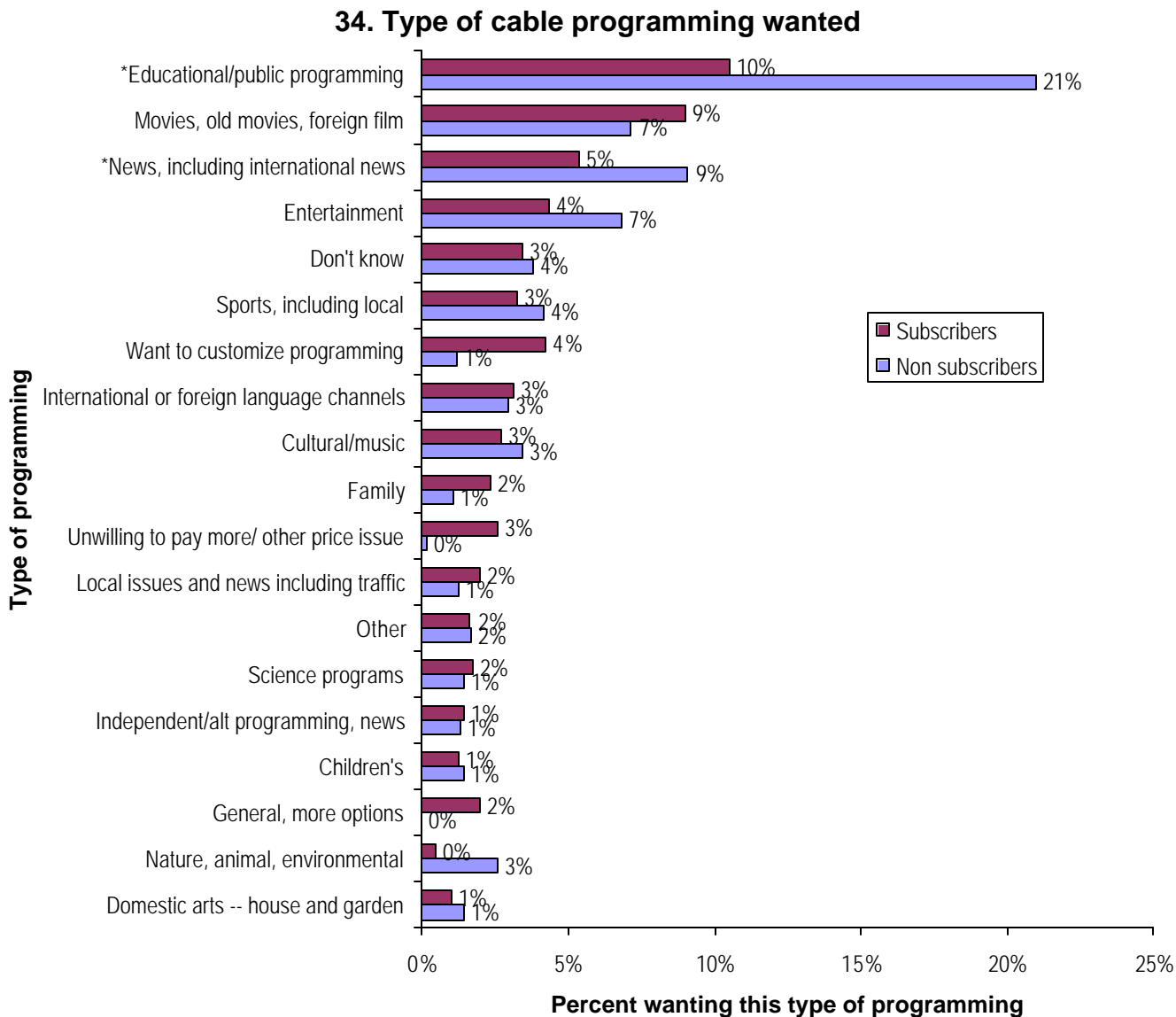
Overall, current subscribers are more interested in this option than current non subscribers. Nearly half (47%) of the subscribers said they would be very or somewhat likely to pay a little extra for this opportunity, compared with 35% of the non subscribers.

Those who said they don't currently subscribe to cable because they don't watch TV or don't want cable or more channels were less positive about the opportunity to make up their own package of channels. If the individuals giving those responses are removed from the analysis, the non subscribers' response profile looks more like the subscribers' response profile with 42% of these non subscribers saying they would be somewhat or very likely to subscribe to cable if they could make up their own package.

What residents want

Respondents, subscribers and non subscribers alike, were asked if there are any types and variety of programs or channels they would like to see on cable television. Figure 34 summarizes the responses. Overall, 60% of the respondents said there were no other types or varieties of channels that they wanted to see. This response was similar for subscribers and non subscribers. Of the other 40%, the most commonly identified type of programming was education or public programming, a response offered 10% of the subscribers – more than for any other single response – and by 21%, twice as many, of the non subscribers. Non subscribers were also nearly

twice as likely as subscribers to say they wanted more news channels, including international news.



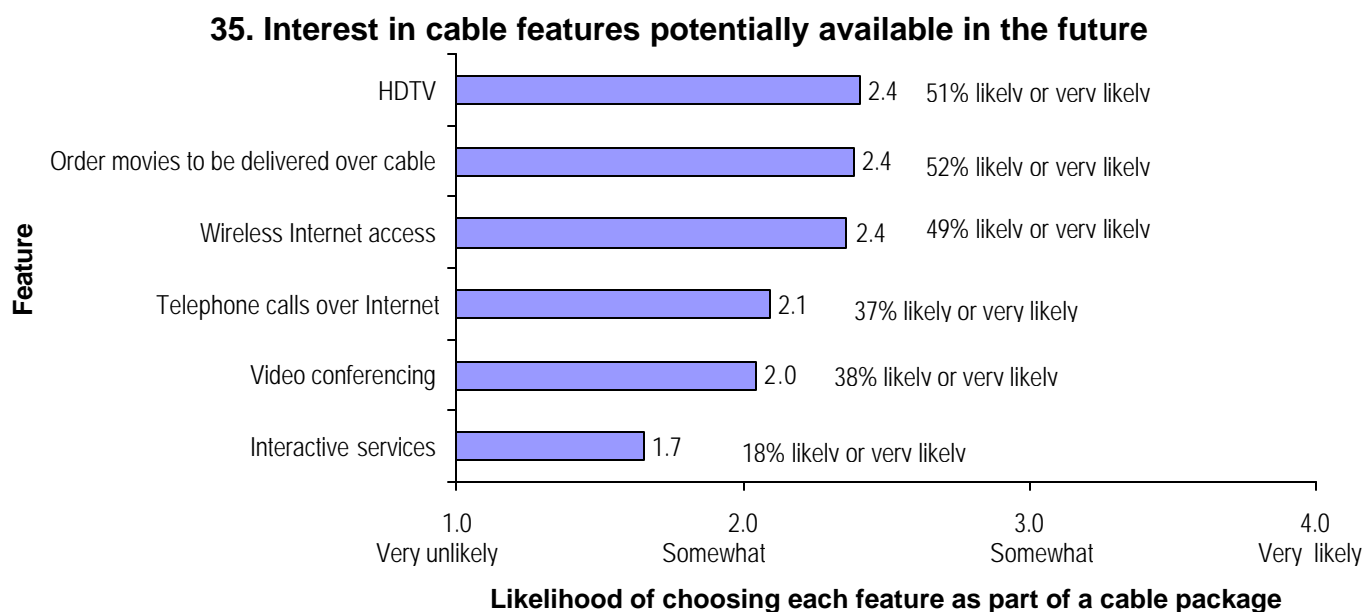
Source: 2004 Seattle IT Residential Survey

In addition to asking about types and variety of programming, respondents were asked about different features that might be available in the future through cable and asked to rate their likelihood of choosing those features as part of their cable package on a scale from 1 (very unlikely) to 4 (very likely). The features mentioned have implications for the future bandwidth requirements.

About one in five respondents (19%) did not select any feature as one they would be somewhat or very likely to choose as part of their cable package, and 6% said they would be likely to choose all six features mentioned. Respondents choose an average of 2.4 features, with no difference between subscribers and non subscribers. Overall, four out of five respondents

indicated that they would be somewhat or very likely to choose at least one of the features mentioned.

Figure 35 summarizes the likelihood ratings offered by subscribers and non subscribers together. About half the respondents said they would be very or somewhat likely to choose three of the features: high definition TV (51%); ordering movies and shows delivered over cable (52%); and wireless Internet access available at other locations outside the home (49%). Less commonly endorsed were making telephone calls over the Internet (37% said very or somewhat likely); and video conferencing (38%). Only 18% said they would be very or somewhat likely to choose interactive services as part of their cable package. It is possible that some of these responses are depressed because of lack of understanding of the potential service. If so, the demand might be greater yet once marketing efforts have to promote these services have been put in place.



Source: 2004 Seattle IT Residential Survey

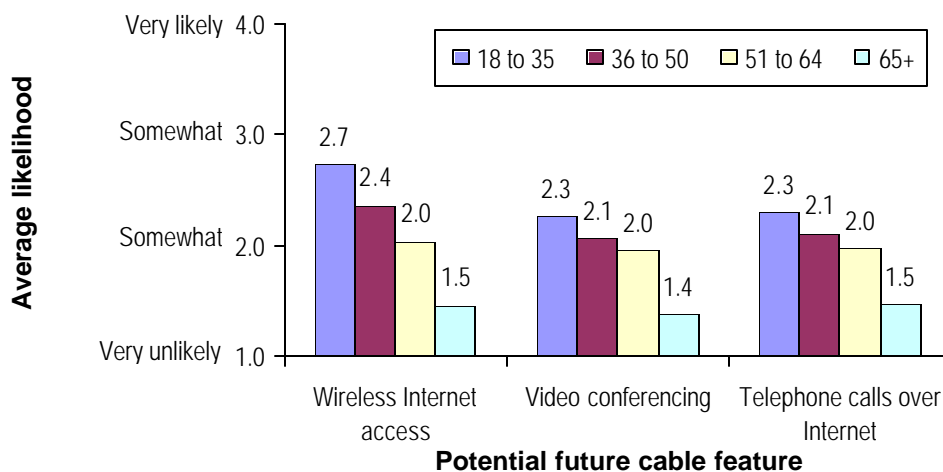
Subscribers and non subscribers gave similar ratings except for high definition TV where 24% of the current cable subscribers said they were very likely to choose this feature, compared with 11% of the non cable subscribers. These findings indicate a growing demand for increasing cable bandwidth.

A composite variable was created indicating the number of features that the respondents said they would be very or somewhat likely to choose as a part of a cable package. Nearly one respondent in five (19%) did not indicate that they would be likely or very likely to choose any of the features. Interestingly, this number is only slightly, and not significantly, higher among the current non-subscribers (25% vs. 18%). On average, the respondents identified between two and three features that they would be at least somewhat likely to choose. Younger respondents (18-35 years) selected the most features (2.9), followed by the next two age groups (36-50 years) who selected an average of 2.4 features, and the 51 to 64 year olds, who identified an average of two

features. The seniors (65+ years) endorsed the fewest features that they would be likely to add, an average of 1.1.

Accordingly, age was a significant factor influencing the likelihood of choosing the feature for each of the individual features, and the only significant factor for wireless Internet access and video conferencing. These relationships are illustrated in Figure 36.

36. Interest in wireless Internet access, video conferencing and telephone calls over the Internet decline significantly with age



Source: 2004 Seattle IT Residential Survey

This figure shows that interest in each of these features is higher among the younger respondents, the group that is least likely to be current cable subscribers, and is particularly low among the oldest group of respondents, those most likely to be current subscribers. The relatively high level of interest among the youngest respondents implies a demand for increased capacity further into the future.